OFFICE OF THE CITY MANAGER

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NO. LTC#

097-2013

CITY CLERK'SLETTER TO COMMISSION

TO:

Mayor Matti Herrera Bower and Members of the City Commission

FROM:

Kathie Brooks, Interim City Manager

DATE: ·

March 26, 2013

SUBJECT: ANALYSIS OF BUDGET TO ACTUAL REVENUES AND EXPENSES FOR THE

THREE MONTHS ENDING DECEMBER 31, 2012, WITH OPERATING BUDGET

PROJECTIONS THROUGH SEPTEMBER 30, 2013

The purpose of this LTC is to provide the Mayor and Commission with the status of the FY 2012/13 budget to actual revenue and expenses reflected at the end of the first quarter with projections through September 30, 2013.

At this stage of projecting the fiscal year-end, there are many areas left to be determined. The first quarter of any fiscal year is not necessarily the most reliable indication of the experience for the remainder of the fiscal year, but does provide a first glance in identifying any potential issues. Certain assumptions for both revenue and expenditures were made that are still developing and will be adjusted for in later projections. These assumptions, along with our continued effort at managing the City's resources and ongoing adjustments to line item revenues and expenditures throughout the year will affect our projections going forward.

The FY 2011/12 year-end budget amendment adopted by the City Commission in November, 2012, identified approximately \$1.4 million in encumbrances and set asides for projects budgeted in FY 2011/12 that will instead be spent in FY 2012/13. These unspent funds were identified to be carried forward to FY 2012/13; however, the budget amendment required in order to expend these funds in FY 2012/13 has been pending completion of the FY 2011/12 external audit, and will be presented to the City Commission in April. Accordingly, the projections presented below are compared to both the adopted budget, as well as, to the proposed April budget amendment.

GENERAL FUND

Upon review, it is projected that the General Fund expenditures will exceed revenues by approximately \$3.8 million, despite revenues being approximately \$2.6 million over the adopted budget and \$1.2 million over the proposed amended budget once the carry-forward funds from FY 2011/12 are taken into account. This shortfall is primarily due to employee givebacks that have not been achieved to date, particularly in the Fraternal Order of Police (FOP) and the International Federation of Fire Fighters (IAFF) bargaining units, as well as accumulated leave payouts related to the previously negotiated changes in the Fire and Police Pension Plan that amended the timeframe for eligibility to purchase prior creditable service.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 2 of 14

General Fund Overview

An analysis of the actual three-month operating revenues and expenditures for the period October 1, 2012 through December 31, 2012, reveals an operating budget surplus of \$15.8 million. While the surplus as of December 31st seems unusual as compared to the projection for the fiscal year ending on September 30th, it should be noted that the City receives a greater percentage of ad valorem taxes during the first quarter, (historically 60 percent). Ad valorem tax revenues represent approximately 45 percent of total budgeted revenues and represent 51 percent of the revenues received in the first quarter of the fiscal year.

As of December 31, 2012, revenues collected were approximately 25 percent of budget or \$64.8 million. This year, 29 percent of the budgeted property tax revenue was received in the first quarter, as compared to the historical level of 60 percent as noted above. However, this was due to delayed payments from the County and additional revenues received in January 2013, which supports projecting 100 percent of the budgeted ad valorem revenue.

The remaining 49 percent of revenues are at approximately 25 percent of the adopted budget as of December 31, 2013, a level similar to prior fiscal years.

Expenditures are approximately 19 percent of the FY 2012/13 adopted budget; however, there are often delays in expenditures in the first quarter of the fiscal year.

			FY 2012	2/13	Budget							
General Fund	iginal Adopted Budget 2013	1/4 of Adopted Budget	Actual as of 12/31/12		Variance from 1/4 Adopted Budget Over/ (Under)		Proposed Amended Budget (April 2013)		of Proposed ended Budget	Variance from 1/4 Amended Budge Over/ (Under)		
Revenues	\$ 256,280,000	\$ 64,070,000	\$ 64,831,219	\$	761,219	\$	257,670,000	\$	64,417,500	\$	413,719	
Expenditures	\$ 256,280,000	\$ 64,070,000	\$ 49,021,842	\$ (15,048,158)		\$	257,670,000	\$	64,417,500	\$	(15,395,658)	
Surplus/(Deficit)	\$ 	\$ -	\$ 15,809,377	\$	15,809,377	\$		\$	-	\$	15,809,377	

General Fund Year-End Projections

The projected year-end operating revenues and expenditures through September 30, 2013, provide a more realistic snapshot of anticipated year-end shortfalls or surpluses at this point in time. Further, while the actual revenues and expenditures presented are as of December 31, 2012, some of the projections have incorporated more recent information, if available.

A summary of preliminary projected General Fund Revenues and Expenditures as of September 30, 2013, is as follows and reflects revenues short of expenditures by approximately \$3 million if no additional contingency is spent for the remainder of the year, and \$3.8 million, as explained above, assuming that that three quarters of the budgeted contingency is fully expended over the remaining three quarters of the fiscal year.

While this shortfall, represents less than 2 percent of the adopted budget or the proposed amended budget, it none-the-less represents a challenge if the City is unable to achieve the assumed employee givebacks over the remainder of the year through labor contract negotiations with the City's five (5) collective bargaining units.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 3 of 14

·				FY 2012/13 Bud	get			<u> </u>			
General Fund	Ac	lopted Budget 2012/13	Proposed Amended Budget 2012/13 (April Amendment)			Projected	Variance Projected/ Adopted Budget			Variance Projected/ Proposed Amended Budget	
Revenues	\$	256,280,000	\$	257,670,000	\$	258,869,000	\$	2,589,000	\$	1,199,000	
Expenditures*		256,280,000		257,670,000		261,875,000		5,595,000		4,205,000	
Surplus/(Deficit)	\$	-	\$		\$	(3,006,000)	\$	(3,006,000)	\$	(3,006,000)	
Operating Contingency					\$	750,000			\$.	750,000	
Net surplus (Deficit)					\$	(3,756,000)			\$	(3,756,000)	
* Prior to Expenditure of	Opera	ting Contingency	1					<u>-</u>			

Status of Employee Givebacks

The FY 2012/13 General Fund budget includes nearly \$3 million of General Fund employee givebacks. At the time of budget development, the \$3 million in employee givebacks were allocated across all salary groups proportionate to salaries. Subsequently targets were developed for each salary group proportionate to each group's share of the City's total pension and health costs, since these have been the major cost drivers of personnel costs in recent years. The initial budget assumed merit and step increases for all seven (7) salary groups. However, it was anticipated that a large share of the employee givebacks for FY 2012/13 would be achieved through negotiating merit and step freezes, adherence to the Fair Labor Standards Act (FLSA) for the purposes of calculating overtime, as well as, a reduction or elimination of various "extra" pays for those employees covered by the FOP and the IAFF.

The reality is that employees covered by the FOP and the IAFF have not experienced a freeze in their step increases in the last four (4) years, while the American Federation of State, County and Municipal Employees (AFSCME) and the Government Supervisors Association of Florida (GSAF) experienced a freeze on merit increases for two (2) years. Merits for employees covered by GSAF were reinstated effective October 1, 2012 and merits for employees covered by AFSCME will be reinstated effective April 1, 2013; however, the maximum merit increase was reduced from four percent to two percent once reinstated. In comparison, this is the third year of no merit increases for employees covered by the Communication Workers Association (CWA) as it is a "status quo" provision in the CWA collective bargaining agreement. Furthermore, this is the fourth straight year that employees in the "Unclassified" and "Other" salary groups have not received any merit increases. These assumptions are utilized for the projections throughout the remainder of the fiscal year.

The chart below provides a summary of the budgeted employee givebacks by salary group, the target employee givebacks by salary group and the employee givebacks achieved to date, while assuming that there are no changes in any of the collective bargaining agreements throughout the remainder of the fiscal year.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 4 of 14

SALARY GROUP	Target	eneral Fund Budgeted Sivebacks	Ä	eneral Fund Givebacks Achieved urrent status	Difference from Budget			
AFSCME	\$ 322,000	\$ 120,000	\$	-	\$	(120,000)		
CWA	\$ 417,000	\$ 61,000	\$	183,000	\$	122,000		
FOP	\$ 1,396,000	\$ 1,320,000	\$	-	\$	(1,320,000)		
GSA	\$ 74,000	\$ 35,000	\$	-	\$	(35,000)		
IAFF	\$ 900,000	\$ 960,000	\$	-	\$	(960,000)		
Unclassified/ Others	\$ 673,000	\$ 504,000	\$	735,000	\$	231,000		
Total	\$ 3,782,000	\$ 3,000,000	\$	918,000	\$	(2,082,000)		

In addition, other savings have been achieved by senior management positions being held vacant in anticipation of the hiring of a new City Manager. However, both of the budgets for the Fire Department and Police Department are forecasted to be over budget by \$1 million and \$1.8 million respectively.

Accumulated Leave

The accumulated leave payout budget for FY 2012/13 is \$1.9 million and was developed based on experience in the prior year. Expenditures are projected to be \$6.3 million, a difference of \$4.4 million. The most significant portion of this increase was due to an increase in leave used for Fire and Police pension buybacks.

As explained in the FY 2011/12 year-end agenda item, this is primarily driven by the 2010 Fire and Police Pension Plan changes that became effective on June 27, 2012, with the Third District Court of Appeal's unanimous decision that the collective bargaining process set out in the Public Employee Relations Act is the final word on implementing the collective bargaining rights guaranteed by the Florida Constitution. Included in the negotiated pension changes was the ability for a member to exercise their right to buy back prior creditable service upon vesting (ten years of service) compared to the previous pension benefit that provided the ability for a member to buy back prior creditable service upon twenty years of creditable service with the City.

The 225 members that had ten or more years of creditable pension service time as of September 30, 2010, were notified that they have until September 30, 2013, to exercise their right to purchase these buybacks. As a result, there continues to be an influx of members who are exercising this right and purchasing creditable pension service time following the Third District Court of Appeal's decision. The members have until September 30, 2013, to elect this option. The payouts through December 31, 2012, totaled \$2.2 million. Based on eligibility to elect this payout, an additional \$4.1 million is projected before the September 30, 2013, deadline. Given the potential for additional purchases in FY 2012/13, we will continue to closely monitor this over the remainder of year, but thereafter anticipate this to decline to prior year levels.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 5 of 14

Medical Insurance

It is important to note that as of the first quarter projection, no additional transfers are projected to the health self-insurance plan.

As of September 2012, the City's benefits consultant, Gallagher Benefit Services, projected a loss for FY 2012/13, with a 12 percent premium increase, of \$309,000. The City's budget for FY 2012/13 assumed a 10 percent increase in the City's share of premium costs. However, premium increases for FY 2012/13 were subsequently deferred pending review of the entire health plan structure by the City's Budget Advisory Committee.

Fortunately, plan expenditures declined significantly during the first quarter of FY 2012/13 as compared to the first quarter of FY 2011/12, and, in fact, claim expenditure per plan member for calendar year 2012 declined overall by 9 percent as compared to calendar year 2011. Although Gallagher Benefit Services is projecting a shortfall in premiums of \$490,000 for FY 2012/13 if no premium increases are implemented, the City is not projecting additional transfers at this time and will continue to monitor this over the next quarter.

General Fund Operating Revenues

For a detail of General Fund Revenues by category, see attached Schedule A.

At this time, we are projecting property tax collections for FY 2012/13 at 95 percent of total property taxes assessed and consistent with the original adopted budget, thereby, allowing adjustments for discounts, as well as, a level of adjustments due to appeals similar to long-term historical levels. It is important to note, that in the last two (2) years, property tax collections have been significantly below prior year levels due to higher levels of appeals and adjustments. The impact of appeals and adjustments for the FY 2012/13 budget will be provided by the Miami-Dade County Property Appraiser in July.

Overall revenues are projected to be \$2.6 million above the original budget. However, once the previously approved carry-forward revenues from FY 2011/12 are included, the overall projected revenues will be only \$1.2 million above the proposed amended budget. This increase of approximately \$1.2 million is primarily due to Building Development Process Fee revenues (Licenses and Permits), which are projected to exceed the budget by almost \$1.8 million (almost 9 percent). However, this increase is expected to be offset by Charges for Services revenues (including Golf Courses revenues), Interest, Rents and Leases, and Miscellaneous revenues that are trending below the FY 2012/13 adopted budget.

As in prior years, significant variances to budget in excess of \$300,000 or 10 percent by revenue category are explained below:

Licenses and Permits – This category includes business tax receipts, licenses/building/special use permits, and sidewalk café fee revenues and is projected to be in excess of budget by \$1.8 million (9 percent above budget) primarily due to increases in Building Development Process Revenues, reflecting continuing improvement in the economy.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 6 of 14

General Fund Operating Expenditures

As of December 31, 2012, actual expenditures were approximately 19 percent of budget or \$49 million. Year-end projections through September 30, 2013, indicate that expenditures will be \$261.9 million, approximately \$6.3 million (2 percent) over the original adopted budget and \$5 million over the proposed amended budget, assuming that three quarters of the contingency is spent over the remaining three quarters of the year.

Citywide Accounts are projected to be above budget by approximately \$4.2 million due to the leave liability payouts (driven by an influx of Fire and Police Pension Plan buybacks) projected to be above budget by approximately \$4.4 million, as explained above. This is offset by small savings in various accounts.

A comparison of actual and projected expenditures to budget by Department is provided in the Schedule A. the other major drivers of expenditures above budget are the Fire and Police departments, as explained previously. However, as in prior years, Departments with significant variances to budget in excess of \$300,000 or 10 percent are explained below:

Planning – In part due to the additional employee givebacks from Unclassified employees as explained above, but also due to a number of vacancies, including the Planning Director, the Planning Department is projected to be approximately \$323,000 below budget (approximately 9 percent).

	Adopted Budget	Proposed Amended Budget 2012/13 (April		Variance Projected/ Adopted	Variance Projected/ Proposed Amended
Planning .	2012/13	Amendment)	Projected	Budget	Budget
Expenditures	3,419,000	3,419,000	3,096,000	(323,000)	(323,000)

Real Estate Housing and Community Development (REHCD) – Schedule A reflects REHCD with a variance of more than 10 percent under budget. However, this is net of the Community Services and Homeless Services Divisions of the Department. Once these Divisions are included (as reflected in the adopted budget resolution) the variance is only 3 percent, reflective of reallocation of resources among the Divisions in the Department.

REHCD	Adopted Budget 2012/13	Proposed Amedned Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Adopted Budget	Variance Projected/ Proposed Amended Budget
Expenditures	2,507,000	2,507,000	2,420,000	(87,000)	(87,000)

Capital Improvements Projects Office (CIP)— In part due to the additional employee givebacks from Unclassified employees as explained above, but also due to vacancies, the Department is projected to be approximately \$364,000 below the adopted budget and \$381,000 below the proposed amended budget (approximately 8 percent). This savings is

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 7 of 14

also reflected as a reduction in the reimbursements from capital projects for this Department.

CIP	Adopted Budget 2012/13	Proposed Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Adopted Budget	Variance Projected/ Proposed Amended Budget
Expenditures	4,841,000	4,858,000	4,477,000	(364,000)	(381,000)

Fire - The Fire Department is projected to be approximately \$1,045,000 above the adopted budget and \$1,024,000 above the proposed amended budget (less than 2 percent above budget). In addition to the \$1 million in budgeted employee givebacks that have not been achieved to date, overtime is projected to be \$129,000 over budget. Overtime is projected to be above budget in Ocean Rescue by \$248,000 due to difficulties in hiring temporary and part-time positions, while the remainder of the Department is projected to be under budget. It is important to note that while the additional three (3) Firefighters hired as part of a pilot program to reduce weekend overtime have yet to be deployed on a weekend specific shift, the overtime is reduced in part due to the fact that the Department hired additional positions for the last class in anticipation of Fire Department employees that will be separating from the City this year. An LTC regarding projected overtime in the Fire Department for FY 2012/13 will be provided under separate cover.

		Proposed Amendeded			Variance Projected/
	Adopted Budget	Budget 2012/13 (April		Variance Projected/	Proposed Amended
Fire	2012/13	Amendment)	Projected	Adopted Budget	Budget
Expenditures	62,242,000	62,263,000	63,287,000	1,045,000	1,024,000

Police – The Police Department is projected to be approximately \$1,813,000 above the adopted budget and \$1,806,000 above the proposed amended budget (approximately 2 percent above budget). In addition to the \$1.4 million in budgeted employee givebacks that have not been achieved to date, overtime is projected to be \$455,000 over budget as shown on Schedule B. The primary driver represented on Schedule B for the overtime above budget is identified as "manpower shortage". While the Department has been working to significantly reduce the number of vacancies during the current fiscal year, the recently hired positions were unable to be deployed to date, as they were participating in post-academy orientation and field training required for all new officers. The Police Chief is aware of the projection and has been instructed to take the necessary actions to ensure that overtime is brought in line with budget. In addition, the Department has been instructed not to deploy the FY 2012/13 service enhancements until the additional positions are hired and deployed to the streets.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 8 of 14

	Adopted Budget	Proposed Amended Budget 2012/13 (April		Variance Projected/ Adopted	Projected/ Proposed Amended
Police	2012/13	Amendment)	Projected	Budget	Budget
Expenditures	94,963,000	94,970,000	96,776,000	1,813,000	1,806,000

ENTERPRISE FUNDS

The City accounts for proprietary operations in Enterprise Funds. Convention Center, Parking, Sanitation, Sewer, Stormwater, and Water are included in this grouping. The expenditures for these funds are budgeted to be fully offset by charges for services.

An analysis of the actual three-month operating expenditures for the period October 1, 2012 through December 31, 2012, reveals that all funds except Sewer have expenditures less than one-quarter of their budget. However, this is not representative, as there is often a lag in expenditures, particularly related to those billed by outside entities. Sewer has expenditures in the first quarter in excess of one-quarter of their budget, primarily as 72 percent of the annual debt service payment was incurred in the first quarter.

ENTERPRISE FUNDS	Sanitation	Sewer	Stormwater	Water	Parking	Convention Center
Adopted Budget	17,302,000	37,465,000	11,926,000	34,036,000	47,657,000	12,702,000
Proposed Budget Amendment (April 2013)	17,328,000	37,730,000	11,984,000	34,684,000	47,702,000	12,702,000
1/4 ofAdopted Budget	4,325,500	9,366,250	2,981,500	8,509,000	11,914,250	3,175,500
1/4 of Proposed Amended Budget	4,332,000	9,432,500	2,996,000	8,671,000	11,925,500	3,175,500
Expenditures as of 12/31/12	2,855,660	11,597,299	2,662,388	8,011,266	7,986,994	2,994,833
Expenditure Above/(below) 1/4 of Adopted						
Budget Expenditure Above/(below) 1/4 of Proposed	(1,469,840)	2,231,049	(319,112)	(497,734)	(3,927,256)	(180,667)
Amended Budget	(1,476,340)	2,164,799	(333,612)	(659,734)	(3,938,506)	(180,667)

The projected year-end operating revenues and expenditures through September 30, 2012, is, however, a more realistic snapshot of anticipated surplus or shortfall at this point in time. In addition, while the actual revenues and expenditures presented are as of December 31, 2012, the projections have incorporated more recent information, as available.

As represented below, for all funds, exclusive of the Convention Center, revenues are projected to be equivalent or in excess of expenditures. Further, while Sewer, Water, and Convention Center are projected to be over budget, once the proposed amendment is adopted only Water and Convention Center are anticipated to be over budget.

Although the Water Fund is projected to have a surplus, the expenditures are projected to be in excess of both the budget and the proposed amended budget. This is attributed to water usage above budget which results in increased expenditures to purchase water from Miami-Dade County. This increased expenditure is offset by increased revenues.

The Convention Center is projected to have a shortfall of approximately \$0.4 million and be over budget by approximately \$0.8 million. This is primarily due to electrical expenditures above budget, indicating that budgeted savings from the Amaresco energy savings initiative are not being realized. This is partially offset by increased revenues. Public Works Department staff has been directed to work with Amaresco to address this issue.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013
Page 9 of 14

	Sanitation		Sewer		Stormwater	Water			Parking	Convention Center	
REVENUES											
Projected Revenues											
Charges for Service	\$ 13,151,000	\$	36,613,000	\$	11,574,000	\$	33,459,000		36,244,000		8,455,000
Other	\$ 4,063,000	\$	3,459,000		751,000	\$	2,334,000	\$	11,604,000		4,605,000
Total Projection	\$ 17,214,000	\$	40,072,000	\$	12,325,000	\$	35,793,000	\$	47,848,000	\$	13,060,000
EXPENDITURES											
Projected Expenditures	\$ 16,937,000	\$	37,519,000	\$	11,882,000	\$	34,996,000	\$	47,217,000	\$	13,486,000
Surplus/(Shortfall)	\$ 277,000	\$	2,553,000	\$	443,000	\$	797,000	\$	631,000	\$	(426,000
Variance from Expenditure Adopted	 	_		_		_		_		_	
Budget	\$ (365,000)	\$	54,000	-\$	(44,000)	\$	960,000	\$	(440,000)	\$	784,000
Variance from Expenditure Proposed											
Amended Budget	\$ (391,000)	\$	(211,000)	\$	(102,000)	\$	312,000	\$	(485,000)	\$	784,000

In addition, despite expenditures being close to budget, Parking is anticipated to have a surplus of \$0.6 million due to increased revenues. Together with the \$4.8 million budgeted to be used to increase reserves, should provide year-end available cash balance funding towards the annual transfer of \$7.2 million to the General Fund in FY 2013/14, the same level as budgeted for FY 2012/13.

INTERNAL SERVICE FUNDS

The City accounts for those goods and services provided by one Department to other Departments citywide on a cost reimbursement basis. Central Services, Fleet Management, Information Technology, Property Management, and Risk Management (Self Insurance) are included in this grouping.

An analysis of the actual three-month operating expenditures for the period October 1, 2012 through December 31, 2012, reveals that all funds have expenditures less than one-quarter of the Adopted Budget, as well as, the proposed amended budget. However, as with Enterprise Funds, this is not representative since there is often a lag in expenditures, particularly related to those billed by outside entities. In Risk Management, there is a significant lag in expenditures due to personnel changes and delayed processing of payments.

	CENTRAL	•	IN	IFORMATION				
INTERNAL SERVICE FUNDS	SERVICES		FLEET MGT	T	ECHNOLOGY	PR	OPERTY MGT	RISK MGT
Adopted Budget	\$ 906,000	\$	9,700,000	\$	16,366,000	\$	8,862,000	\$ 23,494,000
Proposed Amended Budget (April 2012)	\$ 906,000	\$	9,723,000	\$	16,656,000	\$	9,004,000	\$ 23,500,000
1/4 ofAdopted Budget	\$ 226,500	\$	2,425,000	\$	4,091,500	\$	2,215,500	\$ 5,873,500
1/4 of Proposed Amended Budget	\$ 226,500	\$	2,430,750	\$	4,164,000	\$	2,251,000	\$ 5,875,000
Expenditures as of 12/31/12	\$ 205,025	\$	1,953,762	\$	1,923,181	\$	1,509,018	\$ 845,488
Expenditure Above/(Below) 1/4 of Adopted								
Budget	\$ (21,475)	\$	(471,238)	\$	(2,168,319)	\$	(706,482)	\$ (5,028,012
Expenditure Above/(Below) 1/4 of Proposed								•
Amended Budget	\$ (21,475)	\$	(476,988)	\$	(2,240,819)	\$	(741,982)	\$ (5,029,512

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 10 of 14

Based on the more realistic projection of year-end operating revenues and expenditures through September 30, 2013, and incorporating more recent information as available, all Internal Service Funds, excluding the Risk Management Fund, are expected to have revenues equal to or in excess of expenditures. Risk Management revenues are projected to be under budget by \$162,000. The Risk Management Internal Service charges to other Departments are determined through the budget development process and are charged to a Department based on 1/12th of budget. Should the revenue shortfall be realized, additional charges may have to be made to General Fund and Enterprise Departments which could then affect those budgets. We will continue to monitor these.

While Information Technology and Risk Management are projected to be above the adopted budget, if the proposed amendment to carry forward funds for projects from FY 2011/12 is approved, we anticipate all Internal Service Funds to be within budget.

	 CENTRAL SERVICES	FLEET MGT	NFORMATION ECHNOLOGY	PR	OPERTY MGT	RISK MGT
REVENUES						
Projected Revenues						
Charges for Service	994,000	9,205,000	14,604,000		8,640,000	22,457,000
Other	6,000	501,000	2,202,000		279,000	881,000
Total Projected Revenues	\$ 1,000,000	\$ 9,706,000	\$ 16,806,000	\$	8,919,000	\$ 23,338,000
EXPENDITURES						
Projected Expenditures	\$ 891,000	\$ 9,586,000	\$ 16,580,000	\$	8,824,000	\$ 23,500,000
Surplus/(Shortfall)	\$ 109,000	\$ 120,000	\$ 226,000	\$	95,000	\$ (162,000)
Variance from Expenditure Adopted Budget	(15,000)	(114,000)	214,000		(38,000)	6,000
Variance from Expenditure Amended Budget	\$ (15,000)	\$ (137,000)	\$ (76,000)	\$	(180,000)	\$ _

RESORT TAX FUND

The City's Resort Tax Fund is primarily supported by Resort Taxes collected pursuant to Chapter 67-930 (Section 6) of the Laws of Florida, as amended, and Section 5.03 of the City of Miami Beach Charter, as amended. This legislation authorizes the use of Resort Taxes for the promotion of the tourist industry, which includes, but is not restricted to the following: Publicity, advertising, news bureau, promotional events, convention bureau activities, capital improvements and the maintenance of all physical assets in connection therewith; and for the payment of the reasonable and necessary expenses of collecting, handling and processing of said tax.

Typically, the City has considered the following services as "Services Related to the Promotion of Tourism":

- Police Officers serving entertainment areas
- A portion of Fire Rescue services from Fire Stations 1&2
- Ocean Rescue services
- Sidewalk pressure cleaning in South, Middle and North Beach visitor areas

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013
Page 11 of 14

- South Beach sanitation
- Enhanced Code Compliance/Enforcement provided to respond to evening entertainment area violations and staffing of special events
- Other Code Compliance/Enforcement activities in tourism and visitor related facilities/areas
- Tourism and Cultural Development Department and the Cultural Arts Council
- Museums and Theatres (Garden Center, Bass Museum, Colony and Byron Carlyle Theatres)
- Golf courses (net of revenues)
- Memorial Day and other special event costs
- Homeless services
- July 4th, Visitor Center funding, Holiday Lights, Festival of the Arts, Jewish Museum, MDPL, Orange Bowl, Monuments, etc.

These allowable uses have led to increased tourism related activities, such as special events, Art Basel, and various concerts.

The 2 percent Resort Tax Fund operating revenues are projected to be in excess of budget by approximately \$0.5 million and, as a result, payments to the Visitor's Convention Authority (VCA) which are based on a percent of revenues, are projected to exceed budget. In addition, significant savings are projected in salaries due to staff turnover and a reduction in the projected use of contingency.

In addition to the uses listed above, the proceeds of the additional one percent (1 percent) tax are used as follows: Fifty percent of the amount earned is committed to the payment of a portion of the debt service on the Miami Beach Redevelopment Agency City Center/ Bonds. The remaining fifty percent is allocated equally among North Beach, Middle Beach and South Beach for capital projects that enhance Miami Beach's tourist related areas and various arts and cultural programs. The 1 percent Resort Tax Fund operating revenues are projected to be in excess of budget by approximately \$0.8 million and, as a result, the debt service and transfers to North Beach, Middle Beach, and South Beach for capital projects and the transfers to the arts and cultural programs are projected to exceed budget as represented below.

In total, the projected revenues are estimated to be in excess of budget by \$1.2 million and expenditures in excess of budget by approximately \$0.6 million for the reasons described above. This results in a net operating surplus of approximately \$0.6 million for the 1 percent and 2 percent Resort Tax revenues and expenditures, combined.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 12 of 14

RESORT TAX FUND	Ī						L	·				
Revenues	FY 2012/13 Adopted Budget		FY 2012/13 Proposed Amendment		FY 2012/13 Amended		12/31/12 Actual		FY 2012/13 Projection		Over/ (Under)	
2% Resort Tax	\$	44,132,000			\$	44,132,000	\$	6,494,228	\$	44,624,896	\$	492,896
1% Resort Tax	1	9,368,000				9,368,000		1,446,981		10,125,109		757,109
Other Revenues	1	754,000				754,000	Г	29,563		724,822		(29,178)
Total Revenue	\$	54,254,000	\$	-	\$	54,254,000	, \$	7,970,772	\$	55,474,827	\$	1,220,827
Expenditures	+						-	· · · · · · · · · · · · · · · · · · ·				
General Fund Contribution	\$	30,965,000			\$	30,965,000	\$	7,741,250	\$	30,965,000	\$	-
Other Operating/Other Uses		4,548,079				4,548,079		316,561		4,450,072		(98,007)
Contributions to VCA and GMCVB	7	7,427,361				7,427,361	ŗ	3,894,142		7,450,995		23,634
Marketing	7	248,000				248,000	Γ	2,500		248,000		-
Contingency		482,241		T		482,241	1	-		361,681		(120,560)
2% Debt Service	T .	1,215,319				1,215,319	Γ	-		1,215,319		-
1% Debt Service	7	4,684,000				4,684,000		364,442		5,062,555		378,555
Transfer to Capital and the Arts (1%)		4,684,000				4,684,000		721,992		5,062,556		378,556
Total Expenditure	\$	54,254,000	\$	-	\$	54,254,000	\$	13,040,887	\$	54,816,178	\$	562,178
Surplus/(Deficit)	\$	(0)	\$	-	\$	(0)	\$	(5,070,115)	\$	658,649	\$	658,649

CONCLUSION

This analysis of budget to actual operating revenues and expenses with projections through September 30, 2013, provides the status of the FY 2012/13 Adopted Budget for the first three months of the fiscal year. The Administration will continue to monitor revenues and expenses, as well as, the progress of contract negotiations with the City's five (5) collective bargaining units throughout the fiscal year and resulting impacts on the FY 2012/13 budget.

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 13 of 14

SCHEDULE A

		SCHED						Avad Bladed
		FY 2012/13 Proposed	Proposed FY 2012/13		% Actual of FY13	FY 2012/13	Over/ (Under) Adopted	Over/ (Under) Proposed Amendment
	FY 2012/13 Adopted Budget	Amendment (April)	Amended Budget	Actuals as of Dec. 31, 2012	Adopted Budget	Projection as of Quarter 1	Budget As of Quarter 1	As of Quarter 1
	Adopted Budget	(April)	Buuget	Dec. 31, 2012	Duuger	Quarter 1	Quarter	Quarter
REVENUES	0 400 474 000		C 400 474 000	600 004 040	2007	6 400 474 000	(n	
Ad Valorem Taxes	\$ 102,171,000		\$ 102,171,000	\$29,604,012	29%			•
Ad Valorem Taxes-S Pte Costs	10,296,000		10,296,000	2,983,262	29%	10,296,000	0	•
Ad Valorem Cap.Renewal & Replace.	1,850,000		1,850,000	536,037	29%	1,850,000	0	-
Ad Valorem Taxes-Norm Shores	129,000		129,000	37,378	29%	129,000	0	
Other Taxes	24,023,000		24,023,000	3,252,399	14%	24,150,000	127,000	127,000
Licenses and Permits	20,033,000		20,033,000	9,272,746	46%	21,792,000	1,759,000	1,759,000
Intergovernmental	9,827,000		9,827,000	1,681,895	17%	9,837,000	10,000	10,000
Charges for Services	4,689,000		4,689,000	909,114	19%	4,513,000	(176,000)	(176,000)
Golf Courses	5,979,000		5,979,000	1,329,047	22%	5,895,000	-84,000	(84,000)
Fines and Forfeits	2,199,000		2,199,000	451,870	21%	2,211,000	12,000	12,000
Interest	2,983,000		2,983,000	(1,237,802)	-41%	2,827,000	(156,000)	(156,000)
Rents and Leases	6,464,000		6,464,000	1,319,003	20%	6,345,000	(119,000)	(119,000)
Miscellaneous	11,830,000		11,830,000	2,880,417	24%	11,656,000	(174,000)	(174,000)
Other - Resort Tax contribution	30,965,000		30,965,000	9,678,750	31%	30,965,000	(1.1,000)	(11 1,000)
	10,742,000		10,742,000	2,133,092	20%	10,742,000	اة	_
Other - Non Operating revenues				2,133,092	0%	1,500,000	٥	-
Reserve-Building Department Ops.	1,500,000	4 200 000	1,500,000				_	-
Prior Year-End Surplus Carryover	3,400,000	1,390,000	4,790,000	0	0%	4,790,000	1,390,000	- 1
Prior Yr Surplus from Parking Oper Fd	7,200,000		7,200,000	0	0%	7,200,000	0	- 1
Prior Yr Set Aside for Pension Credit	2,210,000		2,210,000	0	0%	2,210,000	0	
TOTAL REVENUES	\$ 256,280,000	\$ 1,390,000	\$ 257,670,000	\$64,831,219	25%	\$ 258,869,000	\$ 2,589,000	1,199,000
Total Net of Unrealized Gains/ (Losses)	\$ 256,280,000	\$ 1,390,000	\$ 257,670,000	\$64,831,219	25%	\$ 258,869,000	\$ 2,589,000	\$ 1,199,000
					•			
EXPENDITURES								
Mayor and Commission	1,648,000	-	1,648,000	358,394	22%	1,641,000	(7,000)	(7,000)
City Manager	2,313,000	432,000	2,745,000	754,809	33%	2,697,000	384,000	(48,000)
Communications	893,000	-	893,000	183,742	21%	843,000	(50,000)	(50,000)
City Clerk	1,505,000	-	1,505,000	255,438	17%	1,395,000	(110,000)	(110,000)
Finance	4,426,000	-	4,426,000	1,466,109	33%	4,344,000	(82,000)	(82,000)
Office of Budget & Perf Improve.	2,160,000	-	2,160,000	357,046	17%	1,999,000	(161,000)	(161,000)
Human Resources/Labor Relations	1,827,000	_	1,827,000	306,741	17%	1,763,000	(64,000)	(64,000)
Procurement	1,063,000	5,000	1,068,000	318,503	30%	978,000	(85,000)	(90,000)
City Attorney	4,318,000	0,000	4,318,000	914,324	21%	4,336,000	18,000	18,000
Real Estate, Housing & Comm Dev	1,048,000		1,048,000	178,464	17%	929,000	(119,000)	(119,000)
		_	460,000		20%	491,000		31,000
Community Services	460,000	-		93,465		, ,	31,000	
Homeless Services	990,000	07.000	990,000	178,851	18%	1,000,000	10,000	10,000
Building	10,985,000	87,000	11,072,000	2,094,801	19%	11,012,000	27,000	(60,000)
Code Compliance	4,647,000	-	4,647,000	895,101	19%	4,521,000	(126,000)	(126,000)
Planning	3,419,000	-	3,419,000	615,721	18%	3,096,000	(323,000)	(323,000)
Tourism & Cultural Development	2,503,000	-	2,503,000	302,599	12%	2,393,000	(110,000)	(110,000)
Parks and Recreation	22,153,000	26,000	22,179,000	4,113,854	19%	22,301,000	148,000	122,000
Golf Courses	6,619,000	-	6,619,000	2,013,303	30%	6,504,000	(115,000)	(115,000)
Public Works	6,548,000	140,000	6,688,000	1,291,690	20%	6,547,000	(1,000)	(141,000)
Capital Improvement Program	4,841,000	17,000	4,858,000	810,441	17%	4,477,000	(364,000)	(381,000)
Fire	62,242,000	21,000	62,263,000	10,448,012	17%	63,287,000	1,045,000	1,024,000
Police	94,963,000	7,000	94,970,000	17,546,322	18%		1,813,000	1,806,000
Citywide Accounts (1)	8,817,535	650,000	9,467,535	3,524,113	40%	13,641,000	4,823,465	4,173,465
Citywide Acc-Operating Contingency	1,000,000	-	1,000,000	0	0%	0	(1,000,000)	(1,000,000)
Citywide Accounts-Normandy Shore	187,292	_	187,292	اة	0%	196,000	8,708	8,708
Citywide Accounts-Transfers	2,845,173	5,000	2.850,173	ا م	0%	2,850,000	4,827	(173)
Capital Renewal & Replacement	1,859,000	0,000	1,859,000	ا م	0%	1,859,000	0	(1.0/
TOTAL EXPENDITURES		\$ 1.390.000	\$ 257,670,000		19%			\$ 4,206,000
		,						.,
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES		\$ 0	\$ 0	\$ 15,809,377		\$ (3,006,000)	\$ (3,007,000)	\$ (3,007,000)
Citywide Acc-Operating Contingency		0	0	0		750,000	750,000	750,000
EXCESS OF REVENUES OVER/				1				
(UNDER) EXPENDITURES (NET OF		ء ۽	• •	¢ 15 000 077		e (2.750.000)	e /2 757 000	E (2.757.000)
OPERATING CONTINGENCY)	\$ (0)	<u> </u>	\$ 0	\$ 15,809,377		\$ (3,756,000)	\$ (3,757,000)	a (3,757,000)

LTC - Analysis Of Budget To Actual Revenues And Expenses For The Three Months Ending December 31, 2012, With Operating Budget Projections Through September 30, 2013 Page 14 of 14

SCHEDULE B

POLICE OVERTIME FY1	3 PROJEC	TIÓN - ĒX	CLUDING	ŘÉIMBII	RSARIES	BY NON	CITY ENT	ITIÉS
FOLICE OVERTIME I I I	3 1 110326	I I GIV - EX	EEOBING	1 KENVIDO	NOMBEES	JI NON	l Eldi	11169
	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Adopted Budget	YTD Actual	FY13 Projection as of Jan 2013	FY13 Variance	% Variance
South Pointe Spring Break	0	92,203	121,067	100,000	0	121,000	21,000	21%
South Pointe Other	72,241	69,018	137,375	100,000	49,359	117,000	17,000	17%
City Center	174,814	350,461	452,475	450,000	117,491	349,000	(101,000)	-22%
Crime Investigations	987,957	920,087	979,973	899,366	239,052	829,000	(70,366)	-8%
Manpower Shortage	921,943	829,267	1,350,536	866,000	450,530	1,338,000	472,000	54%
General Fund Regular	373,194	403,311	621,555	379,000	191,806	479,000	100,000	26%
NRO Homeless	519	10,007	45,928	10,000	12,267	32,000	22,000	216%
Spring Break	0	561,042	726,401	750,000	0	750,000	0	0%
Other Special Events (inclduding Spring Break and New Year's Eve prior to FY 2010/11 and	871.475	419.391	635.138	150.000	204,534	368,000	218,000	145%
New Year's Eve prior to FY 2011/12)	0	857,044	954,704	916.000	0	955,000	39,000	4%
Memorial Day		857,044	954,704	916,000	U	955,000	39,000	470
New Year's Eve (Previously budgeted under Mis. Special Events)	44,671	159,817	0	105,000	106,829	107,000	2,000	2%
Misc. Special Events	0	0	0	100,000	0	50,000	(50,000)	-50%
Chargebacks to Sanitation/Parks/E911/Parking*	580,464	401,699	160,917	160,000	35,923	137,000	(23,000)	-14%
Other*	166,986	303,908	116,475	-258,000	95,417	216.000	474,000	-184%
Sub-TotalTotal	\$4,194,264	\$5,377,256	\$6,302,546	\$4,727,365	\$1,503,207	\$5,848,000	\$1,120,634	
	* * * * * * * * * * * * * * * * * * * *							
l		ĺ						1
TOTAL OVERTIME	4,194,264	5,377,256	6,302,546	5,271,000	1,503,207	5,847,000	576,000	11%
RDA-City Ctr	174,814	350,461	452,475	450,000	117,491	349,000	(101,000)	-22%
Spring Break	0	653,245	693,705	850,000	0	871,000	21,000	2%
Memorial Day	0	0	954,704	916,000	0	955,000	39,000	4%
New Year's Eve (Previously budgeted under Mis. Special Events)	0	891	104,782	105,000	106,829	107,000	2,000	2%
Parking	148,618	110,304	313	0	0	0	0	0%
Other Reimbursables	. 0	0	-1,734	0	183,434	183,000	183,000	100%
Sanitation	31,256	30.429	26,916	30,000	2,036	20,000	(10,000)	-33%
Net General Fund	3,839,576	4,231,925	4,071,385	2,920,000	1,093,416	3,362,000	442,000	15%
E-911	399,905	259,066	133,688	130,000	33,886	117,000	(13,000)	-10%
Memorial Day prior to FY 12	0	857,044	0	0	0	0	0	0%
Memorial Day prior to 1 1 12		037,044		ļ <u>.</u>	<u>_</u>			070

2,472

3,935,224

2,790,000

1,059,530

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16%

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3,114,806

3,439,671

Parks

Police GF